

The Affordable Care Act

Enacted on March 23, 2010





Today's presentation

- What are the key elements?
- When does health reform start?
- What immediate benefits will there be?
- What happens in 2014?
- How will people get coverage?
- What is the health insurance exchange?
- How do I find additional information?



Key elements of the new law

- Requires everyone to have health insurance in 2014
- Creates state-based exchanges
- Reforms the insurance market so it works for everyone, regardless of age or health status
- Establishes an essential benefit package
- Provides individual subsidies/small business tax credits
- Creates employer responsibility



Key elements of the new law

- Expands Medicaid to cover low income childless adults
- Improves Medicare access, quality & solvency
- Focuses on quality care: paying for outcomes, not procedures
- Focuses health care dollars on health care
- Invests in health care workforce development



Implementing the law

- Now comes the hard part: implementation.
- Timeline crunch due to legislative process.
- Many details still need to be decided.
- Health and Human Services is developing rules and guidelines.
- There is considerable state flexibility.



Health Reform Terms

Abbreviations often used:

PPACA: Patient Protection & Affordable Care Act.

HHS: U.S. Department of Health & Human Services

CMS: Center for Medicaid & Medicare Services

NAIC: National Association of Insurance Commissioners



Health Insurance Terms

- What is a grandfathered plan?

A health plan that an individual was enrolled in on or before March 23, 2010. Grandfathered plans are exempted from some changes required by PPACA. New employees and family members may be added to group plans that are grandfathered.

- What is a non grandfathered plan?

A health plan that an individual enrolled in on or after March 24, 2010. Non grandfathered plans are subject to all relevant provisions in PPACA.



When does health reform start?

- The short answer: it depends.
- New law signed on March 23, 2010
- Most of the changes take effect in 2014
- But there are some immediate benefits that start as soon as this summer...



Immediate benefits

Within 90 days

New, **temporary high risk “bridge” pool** will operate for people who’ve been uninsured for at least 6 months and who have a pre-existing medical condition.

- OIC is the designated entity. We are working with the Washington state Health Insurance Program (WSHIP) to create a separate fully funded federal pool.



Immediate benefits

Beginning Sept. 23, 2010:

When your **employer-sponsored health plan** renews, it cannot:

- **Cap Lifetime benefits.**
- **Cancel or rescind a policy**, except in the case of fraud or misrepresentation.
- **Refuse to cover pre-existing conditions** of enrollees under age 19.
- **Charge out of pocket costs for preventive services** (*this benefit doesn't apply to employer plans created before March 23, 2010*)
- And **young adults may be covered on their parents' plan** if it already includes dependent coverage until the age of 26, unless they get a job that offers health insurance.



Immediate benefits

Beginning Jan. 1, 2011

If you have an **individual plan**, it cannot:

- **Cancel or rescind a policy**, except in the case of fraud.
- **And young adults may be covered on their parents' plan** if it already offers dependent coverage until the age of 26, unless they get a job that offers health insurance.

If you enrolled in your plan *after* March 23, 2010, it also cannot:

- **Charge out of pocket costs for preventive services.**
- **Refuse to cover pre-existing conditions** of enrollees under age 19.
- **Cap Lifetime benefits.**



Immediate benefits

- Medicare enrollees with prescription drug coverage (Part D) will receive a check of \$250 to help pay for their medications in the coverage gap ("doughnut hole") this year.
- Medicare enrollees will receive preventive care with no cost sharing.
- In 2011, Medicare enrollees will receive a 50% discount on Rx once they hit the donut hole.
- And small businesses may qualify for tax incentives if they offer health insurance.



Immediate benefits

Effective beginning in fiscal year 2010:

- Increases funding for Community Health Centers.
- Increases funding in training programs to increase the number of primary care doctors, nurses, and public health professionals.
- Provides grants to states for health insurance consumer assistance programs



WA's Medicaid Waiver: **A transitional bridge to HC Reform**

- Use Medicaid funds to cover adults up to 133% FPL.
- Retain the Medical Care Services program to provide coverage for WA's most medically and behaviorally vulnerable adults who are currently not otherwise eligible for Medicaid and SSI.
- Keep BHP at its full scope of coverage up to 200% FPL, using state dollars to fund subsidies between 133-200%).
- Ability to sustain coverage for at least 90,000 individuals.



What happens in 2014?

You **get all of the immediate benefits**, such as no lifetime caps on benefits, PLUS...

- You **can't be denied coverage because of a pre-existing condition.**
- The **high risk pool goes away.**
- **No cost-sharing for preventive care.**
- Older people can only be charged 3x as much as the youngest enrollee.
- Your **out-of-pocket costs are capped.**



What happens in 2014?

- **No excessive waiting periods.**
- **If you want, you can keep your current coverage.**
- **Individual mandate** phased in:
 - 2014: \$95 or 1% of income, whichever is higher
 - 2015: \$395 or 2% of income, whichever is higher
 - 2016: \$695 or 2.5% of income, whichever is higher
 - Families will not pay more than \$2,085.



What happens in 2014?

- **Individuals exempted** from the mandate:
 - American Indians
 - Undocumented immigrants
 - Religious objections
 - Financial hardship
 - Those without coverage for less than 3 months
 - Those for whom the lowest cost plan exceeds 8% of their income.



What happens in 2014?

How will people under age 65 get coverage?

Private Market

- Adhere to same coverage and rating rules
- Existing plans are grandfathered

Exchange

- Premium subsidies: 200-400% FPL
- Catastrophic plan for those up to 30 yrs old

BHP or Exchange

- Premium subsidies: 133-200% FPL

Medicaid & CHIP

- Medicaid: all individuals below 133% FPL
- CHIP continues until 2019



What are “essential health benefits?”

All non grandfathered plans must include:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health & substance abuse care
- Prescription drugs
- Rehabilitative & habilitative services & devices
- Laboratory services
- Prevention & wellness services & chronic care management
- Pediatric services, including oral & vision care



What is a health insurance exchange?

Goal of an exchange:

- Create one-stop shop for individuals and small businesses that has standardized, easy to understand information on what is available.
- Make it easy for consumers to compare plans based on price, benefits, and performance.

Health Insurance Partnership (HIP):

WA's mini-exchange that will begin enrolling small employers with low income workers in Jan., 2011.



What is the health insurance exchange?

- It's open to individuals and small businesses.
- Each state can decide to operate just one or one for both individuals and small businesses.
- The exchange also will help determine if an applicant is eligible for subsidies or Medicaid.
- Large employers can join the exchange in 2017.



What is the health insurance exchange?

- Four ranges of plans from bronze to platinum.
- Plus, a catastrophic plan for age 30 & under
- Multi-state plans offered
- Employer selects tier; employee selects plan
- *WA's HIP requires individual choice in 2 years*



Health Insurance Exchange

- Changes the definition of small group: 1-50 or 1-100.
- *WA's definition of small group will change October 2010 to 1-50.*
- Plans must comply with WA insurance laws.
- Plans in the exchange exist side-by-side with the private plans outside of the exchange.
- States may choose to combine the individual and small group markets.



Employer responsibility

	Small employer (1-50)	Large employer (51 +)
Immediately	No penalties Tax credits available	No penalties
Jan. 1, 2014	No penalties Expanded tax credits	Penalty in limited circumstances: \$2000-\$3000/ee



Promoting Quality & Containing Cost

- Comparative effectiveness research
- Chronic care management
- Focus on primary care/medical home
- Administrative simplification
- Increase Medicaid payments & provide bonus payments in Medicare for primary care services
- Address health disparities



Promoting Prevention & Wellness

- Establish a national Council to coordinate federal prevention, wellness & public health activities.
- Establish a Prevention & Public Health Fund.
- Establish a grant program to promote & strengthen prevention & wellness activities.
- Require new plans to provide preventive services with no cost sharing.
- Require chain restaurants to disclose the nutritional content of each item.



Workforce development

- Increased funding to promote primary care, overall and in underserved areas
- Increase the supply of all needed providers through scholarships, loan & retention programs
- Diversify health care workforce
- Support training on cultural competency
- Support training on models that work
- Health workforce development grants awarded



Community & home based care

Establishes the CLASS program, Community Living Assistance Services and Supports

- National, voluntary insurance program.
- Cash benefit of at least \$50 per day for home and community based care.
- Premiums paid through payroll deduction beginning January, 2011. Individuals may opt-out.
- Vests or pays out benefits after paying premiums for 5 years.



Where to go for more information

Office of Insurance Commissioner

www.insurance.wa.gov or call

1-800-562-6900

U.S. Secretary of Health and Human Services

www.healthreform.gov

National Association of Insurance Commissioners

www.naic.org